

DANSK FLYGTNINGEHJÆLPS ÅRSRAPPORT 2007

DANISH REFUGEE COUNCIL ANNUAL REPORT 2007

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The following is a translation of the Danish original text. The original Danish text shall be the governing text for all purposes, and in case of any discrepancy, the Danish wording shall be applicable.

1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

1.1 STATEMENT BY THE MANAGEMENT

The Executive Committee and the Management have today discussed and approved the annual report for 2007 of the Danish Refugee Council.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act. We

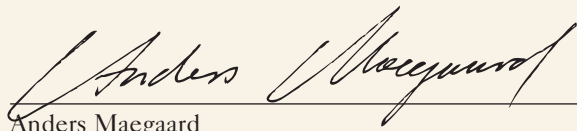
consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the organisation's financial position at 31 December 2007 as well as of the results of the organisation's activities for the financial year ended 31 December 2007.

We recommend that the Council approve the annual report.

Copenhagen, 29 April 2008

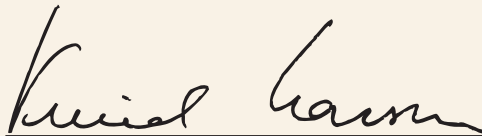


Andreas Kamm
Secretary General

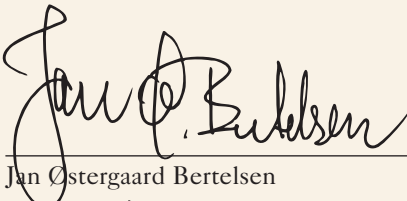


Anders Maegaard
Manager of Resources and Development

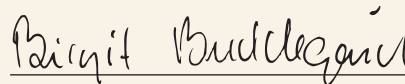
Executive Committee of the Danish Refugee Council



Knud Larsen (Chairman)



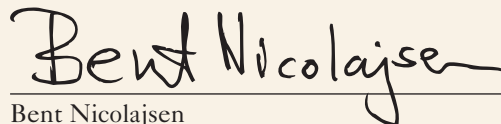
Jan Østergaard Bertelsen



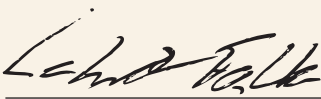
Birgit Buddegård



Klaus Løkkegaard



Bent Nicolajsen



Lehnart Falk



Hans-Henrik Lund

1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

1.2 INDEPENDENT AUDITORS' REPORT

To the Council of the Danish Refugee Council

We have audited the annual report of the Danish Refugee Council for the financial year 1 January – 31 December 2007, which comprises the statement by the Management on the annual report, Management's review, accounting policies, income statement, balance sheet and notes. The annual report has been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of this annual report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organisation's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the organisation's financial position at 31 December 2007 and of the results of its operations for the financial year 1 January – 31 December 2007 in accordance with the Danish Financial Statements Act.

Copenhagen, 29 April 2008

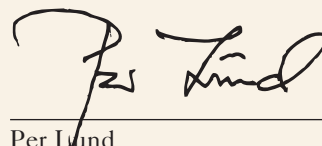
KPMG C. Jespersen

Statsautoriseret Revisionsinteressentskab



Jens Frederiksen

State Authorised Public Accountant



Per Lund

State Authorised Public Accountant

2. DETAILS OF THE ORGANIZATION

Name: The Danish Refugee Council
Address: Borgergade 10, DK-1300 Copenhagen K, Denmark

Telephone: +45 3373 5000
Fax: +45 3332 8448
Web site: www.drc.dk
E-mail: drc@drc.dk

Registration No.: 2069 9310
Founded: 1956
Registered office: Copenhagen, Denmark

Executive Committee: Knud Larsen (Chairman)
Bent Nicolajsen (Deputy Chairman)
Jan Østergaard Bertelsen
Birgit Buddegård
Lehnart Falk
Hans-Henrik Lund
Klaus Løkkegaard

Management: Andreas Kamm, Secretary General
Anders Maegaard, Manager Resources & Development
Mik Steenberger, Head of Communications Department
Lone Tinor-Centi, Head of Volunteers' Department
Susse Kolster, Head of DRC Integration Department
Anne la Cour Vågen, Head of Asylum & Repatriation Department
Arne Vågen, Head of International Department

Patroness: Her Royal Highness Crown Princess Mary of Denmark

Auditors: KPMG C. Jespersen
Address: Borups Allé 177, P.O. Box 250, 2000 Frederiksberg, Denmark

Council meeting: The annual council meeting is held on 28 May 2008

3. FINANCIAL HIGHLIGHTS

The total activities of the Danish Refugee Council have developed as follows in the years 2003-2007:
Expenditure expressed in DKKm

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Collected funds					
Collected funds used	24	19	18	25	33
Own funds					
Integration work	27	24	25	28	27
Operation of language centres	80	65	61	105	112
Other	2	2	6	0	4
Donated funds					
Grants for international project work used ¹	261	345	396	410	410
Grants for other projects, funds etc. used	9	11	13	13	14
Government Budget appropriations, etc.					
All activities	33	30	29	28	27
Total activities of the Danish Refugee Council	435	495	548	609	627

Balance sheet items

Investment in property, plant and equipment	1	0	0	0	0
Total assets	133	190	197	185	222
Equity	21	26	36	43	51

Average number of employees

Headquarters in Borgergade, Copenhagen	126	126	127	124	133
Language centres	160	114	112	174	180
District employees, integration & volunteers	70	52	39	52	64
Expatriates in international projects ²	42	82	106	112	117
Local staff in international projects ²	2,500	3,700	3,700	4,000	4,000
Volunteers in Denmark ³	3,000	3,200	2,800	3,500	4,000

As from 2004, the computation of collected funds has been changed. Comparatives for 2003 have been adjusted.

- 1) From 2005, DDG is included in the international activities as a department of the Danish Refugee Council. The amount for 2004 has been adjusted as comparative.
- 2) As from 2004, the amounts for expatriates and local staff also comprise DDG. The number for local staff comprises both permanent and temporary staff.
- 3) In 2007 volunteers' work in Denmark is equivalent to 975 man-years.

4. MANAGEMENT'S REVIEW 2007

4.1 MAIN OBJECTIVE AND ACTIVITIES OF THE DANISH REFUGEE COUNCIL

The Danish Refugee Council is a non-profit private humanitarian organisation, the aim of which is to protect refugees against persecution and to promote viable solutions to refugee problems on the basis of humanitarian principles and human rights. The Danish Refugee Council aims to create durable solutions through return, local integration and resettlement.

The mission of the Danish Refugee Council is to ensure protection for the world's refugees and internally displaced persons. The vision is that no displaced persons should be without help when it comes to finding protection and durable solutions.

The Danish Refugee Council undertakes assignments both internationally and nationally. A number of assignments are undertaken on the basis of Government appropriations. The Refugee Council and the Ministry of Refugee, Immigration and Integration Affairs together agree on the assignments to be undertaken using these appropriations.

In its activities, the Refugee Council is seeking to ensure coherence between national and international refugee work.

4.1.1 Financial statements, activities and results for 2007

The Danish Refugee Council's annual report is structured in a way that distinguishes between

- funds collected by the Refugee Council, including funds from nationwide door-to-door collection campaigns, funds for special purposes, private and regular contributions, and funds for general purposes;
- the Refugee Council's own funds, including integration work in Denmark in the form of the sale of services to local authorities and private enterprises, Danish language courses and funded integration work and other income (membership fees from member organisations etc.);
- donated funds, including grants for international and national project activities and pool funds;
- Government Budget appropriations that finance activities according to agreement with the Government. These funds are supplemented by local authority appropriations.

The Danish Refugee Council has activities in more than 30 countries.

In 2007, the Danish Refugee Council's activities outside Denmark helped approximately two million people who have among other things received food, clothing, temporary shelter, seeds, water supplies, as well as assistance to return to their countries of origin, to reconstruct schools, to receive information about mine risks and access to areas that have been demined.

Africa represents the main focus area. In West Africa, the aid to returned refugees and internally displaced persons increased, particularly in Liberia, and offices have been opened on the Ivory Coast, Sierra Leone and Guinea. In East Africa, the activities increased in Africa's Horn. Humanitarian aid has among other things been provided in connection with the deteriorating humanitarian situation in Mogadishu. In Darfur, the humanitarian aid to the victims continued in spite of the special challenges in terms of security.

Security improved in North Caucasus which has resulted in a reorganisation of the aid to a more long-term strategy.

In the Balkans, the situation concerning the status of Kosovo has been uncertain, and therefore donors have been reluctant to provide funds.

The collaboration with UNHCR has been strengthened by means of a strategic collaboration agreement that is expected to further enhance the position of the Danish Refugee Council in the international humanitarian activities.

Danish Demining Group (DDG) has had activities in eight countries. Activities were started in two new countries: Uganda and Somalia. In continuation of the violence in Somalia, DDG provided information to and training of local teams in demining and removal of unexploded ordnance in the streets of Mogadishu.

In spite of the very difficult security situation in Iraq and Afghanistan, the Danish Refugee Council continues its activities in these countries.

DDG works on developing new competencies in information, collection and destruction of hand weapons and has also increasing focus on strengthening local capacity.

In Denmark, volunteers from all over the country, assisted and coordinated by the Danish Refugee Council, provided approximately 1.6 million hours in 2007, equivalent to approximately 975 man-years.

4. MANAGEMENT'S REVIEW 2007

Volunteers help refugees/immigrants with among other things language training and homework and to enter the job market. Special focus has been on strategy and method development, among other things in relation to quota refugees and establishment of clubs for girls belonging to ethnic minorities. The municipalities have also in 2007 subsidised these activities.

The seven language centres of the Danish Refugee Council have provided a total of more than 1 million Danish lessons in 2007.

Integration activities in Denmark include efforts to help refugees to enter the labour market where good results have been achieved with activities for particularly vulnerable groups belonging to ethnic minorities. A development project on Danish language training on the Internet has been carried out which is funded by the Ministry of Integration and under the direction of the Århus language centre. The Interpreter Service of the Danish Refugee Council has sold approximately 30,000 hours.

The Danish Refugee Council's web site displays 16 profiles of countries and updated background information about the countries producing asylum seekers and refugees in Denmark. They serve as a base of information in the Refugee Board's processing of applications for asylum.

Counselling of asylum seekers continued in 2007. The Danish Refugee Council offered special counselling and help to Iraqi asylum seekers from Central and South Iraq who had been rejected by the Refugee Board with the reprocessing of applications for asylum. Of 196 cases, the Refugee Board made a decision in 76 cases in 2007.

More than 1,000 persons received personal counselling or counselling services via the telephone or the Internet. 12 years' experience of supporting refugees who return home to Bosnia and Herzegovina has been collected in a publication. An employee has collected information during a visit to Afghanistan which can be used for counselling of Afghans in Denmark. A total of 111 persons repatriated in 2007.

A new three-year contract on repatriation activities commenced in 2007.

The activities of the Danish Refugee Council are expressed as expenditure. Total expenditure for 2007 amounted to DKK 627 million.

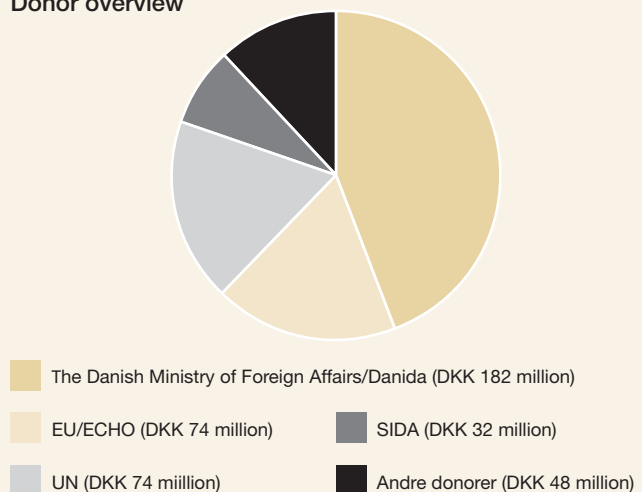
The year saw a profit of DKK 8.3 million, corresponding to an increase of DKK 1.9 million (30%) compared to 2006. The fine results are particularly attributable to the language centre activities.

The profit was achieved through a massive effort from employees at all levels, which has increased revenue, and through stabilising costs. In this way, the trend from 2005 and 2006 continued in 2007.

The 2007 financial year was characterised by an increase in national activities (11.5%), primarily as a result of the expansion of the language course activities. International project activities were in line with 2006.

As regards the international project activities (incl. DDG), the activities financed by donors amounted to DKK 410 million in 2007, which is in line with 2006, but somewhat lower than expectations. The lower activity level is primarily attributable to the uncertainty about the status of Kosovo. Under the accounting policies used, the donated funds realised breakeven results, as any non-budgetary expenses are covered by collected funds. The Danish Refugee Council's contributions amounted to DKK 18.6 million.

Donor overview



Collected funds amounted to a total of DKK 36.2 million, an improvement of DKK 5.5 million (17.8%) compared to 2006. With contributions to project activities etc., the Refugee Council has been able to carry forward an amount of DKK 2.9 million to activities in 2008.

4. MANAGEMENT'S REVIEW 2007

Revenue from own funds totalled DKK 148.4 million, equivalent to an increase of DKK 14.3 million. Results from own funds amounted to DKK 5.6 million, which is a considerable improvement compared to 2006 and is attributable to improved results from integration activities and from the language centres.

Activities financed by Government Budget appropriations etc. realised minor negative results.

4.2 THE DANISH REFUGEE COUNCIL'S ACTIVITIES

4.2.1 Collected funds

Collected funds from the private sector to an increasing extent generate funds from large institutional donors such as Danida, UNHCR and ECHO.

The high international activity level indicates that the presence of the Danish Refugee Council in the world's hotspots is needed. The Danish Refugee Council is happy to record increased contributions also from the private sector, which improves the possibility to help an increasing number of refugees and internally displaced persons.

In 2007, focus has been on increasing revenue without simultaneously increasing costs.

The funds collected by the Danish Refugee Council come from the following three main sources:

1. The annual national door-to-door collection
2. Continuous fund-raising – contributions from especially private individuals, but also from collection projects in collaboration with business enterprises
3. Foundations

In prior years, the national door-to-door collection represented the predominant collection activity. However, in 2007 income from the continuous fund-raising represented the most important source of income.

The national door-to-door collection took place on 11 November 2007, and the income from the collection was DKK 14.9 million.

The income from the collection increased by DKK 2.1 million compared to 2006 – corresponding to an increase of 14%. 14,100 collectors and approximately 400 coordinators all over the country did a fine job and contributed to the fine results.

The major challenges of the national door-to-door collection were

- To ensure high attendance among collectors. In 2006, 22% of the collectors did not show up at the collection day, which was unsatisfactory. In 2007, this figure decreased significantly.
- To generate the necessary media publicity. General election for the Danish Folketing was called just as the communications and PR campaign was to start, which was of course high on the agenda of the media.

Both challenges were met in the best possible way. Owing to an intensive campaign, the percentage of collectors that did not show up for the collection only amounted to 12% – an improvement of 45% compared to 2006.

The general election was used positively in the collection campaign as the Danish Refugee Council succeeded in having eight out of nine party leaders participate in a national advertising campaign with a joint appeal to support the national door-to-door collection. The campaign, which did not involve any media costs for the Danish Refugee Council, attracted attention, increased visibility, enhanced media coverage, and increased the support for the national door-to-door collection.

The positive development in the continuous fund-raising is primarily attributable to investments made in 2006 in the efforts to recruit more private contributors. These efforts continued in 2007 with the recruitment of supporting members.

PostDanmark's charity stamp from 2006 also contributed positively in 2007 generating income of almost DKK 4.0 million and collaborative projects between business enterprises or celebrities and the Danish Refugee Council on activities, products or events contributed approximately DKK 0.6 million to the results. Foundations and specific collections generated DKK 2.3 million.

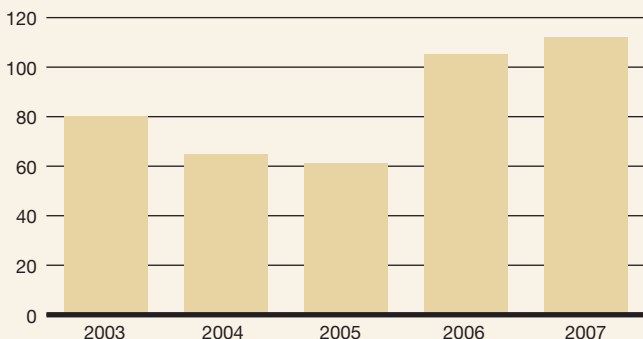
From the collected funds, contributions have been made to projects in Africa, including humanitarian aid to Somalia in connection with the renewed outbreak of the conflict, projects in Iraq and to Iraqi refugees in the regional area (Syria).

A total amount of DKK 33.3 million of the collected funds has been used in 2007.

4. MANAGEMENT'S REVIEW 2007

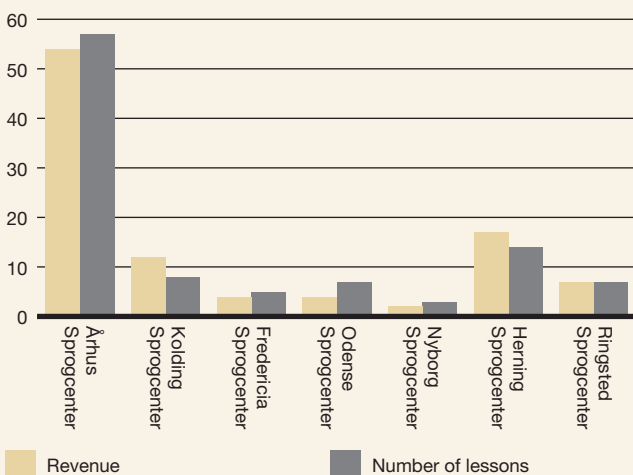
Danish Refugee Council's language centres

DKK million



Danish Refugee Council's language centres

Percent



4.2.2 Own funds

Integration work in Denmark

The Danish language courses remained the main activity with revenue of approximately DKK 118 million, corresponding to 81% of the total integration activities. Other integration projects amounted to approximately 11% and the interpretation service etc. to 8%.

Total revenue from the integration activities (incl. Danish language courses) increased by DKK 13.3 million (10%) against 2006, primarily as a result of the expansion in the language centre area.

The main tasks of the integration work are Danish language courses, integration projects in the labour market, integration work for vulnerable refugees and the interpretation service.

The year saw a profit of DKK 5.7 million which is a significant improvement compared to 2006.

Danish language courses amounted to a total of 1,045,231 student lessons in 2007 against 991,584 in 2006. The Danish Refugee Council expanded its activities in the area during 2007 and is Denmark's largest individual operator in the area.

At 1 January 2007, the Danish Refugee Council took over Fredericia language centre which is a department under Kolding language centre. At 1 August, the Danish Refugee Council took over the language centre activities in Odense and Middelfart and at the same time entered into a separate agreement with the municipality of Kerteminde for the education of their students in the Danish Refugee Council's branch in Nyborg.

Århus language centre is still the largest language centre and in 2007 provided 57% of the student lessons.

Århus language centre generated revenue of DKK 63 million, corresponding to 54% of the entire language centre area, while the other language centres in aggregate generated DKK 55 million (46%).

The entire language centre area realised a profit of DKK 6.6 million which is quite handsome in the light of the difficulties in relation to the take-over of Odense language centre where the educational association AOF, which lost the open tender, established a competing language centre in Odense under the supervision of the municipality of Svendborg and therefore was the cause of the very difficult working conditions at Odense language centre.

Focus is still on offering flexible education, including ordinary day classes, evening classes, courses at business enterprises and on the Internet.

The plan is that all language centres under the Danish Refugee Council should be able to offer net-based training. This is already the case in Herring, Odense and Århus.

Apart from the statutory Danish language courses offered by the language centres, their activities comprise Danish language courses in connection with job activation, practical training and work. The activities offered also comprised special needs education and courses for special target groups, including young people, elderly people and traumatised people.

At 1 January 2008, the Danish Refugee Council took over Sønderborg language centre. On this background – and in connection with the consolidation of Odense language centre – a higher activity level is expected in 2008. The individual language centres under the Danish Refugee Council are included in an administrative and professional network.

4. MANAGEMENT'S REVIEW 2007

Integration work for municipalities includes activities aimed at the labour market and at traumatised refugees and immigrants and interpretation services.

The sale of services to the municipalities showed a minor decrease (1.4%) against 2006. This is attributable to a decrease in the interpretation services and an increase in other services to municipalities.

With revenue of DKK 12 million, the Interpretation Service amounted to approximately 8% of total revenue from the integration activities in 2007. For the country as a whole, a total of 30,000 hours were sold in 2007.

The increase in activities in the integration area became apparent in earnest in the fourth quarter of 2007 as the first months of the year saw stagnating sales to the municipalities – probably as a result of the local government reform.

An important reason for the increased activities at the end of 2007 in relation to the integration of particularly vulnerable refugees and immigrants also was the special efforts made in the project "A second chance for all". From 1 July 2006 to 1 July 2008, the municipalities receive government grants to make an extra effort to help passive people on social security assess and upgrade their skills, offer them a job placement, education or other re-training activities that may open up for a job offer.

Owing to the current economic boom and the resulting shortage of labour, refugees and immigrants represent a relatively higher share of the unemployed than earlier, and a relatively higher proportion of these are socially vulnerable or traumatised. The Danish Refugee Council is an important player in relation to this target group as the organisation has for several years accumulated special expertise on social and employment activities for particularly vulnerable and traumatised refugees and immigrants.

In 2007, many municipalities put out to tender employment programmes for refugees and immigrants. At the end of 2007, the Danish Refugee Council won the open tender for employment programmes in Horsens and Odense municipalities and entered into an agreement with the municipality of Helsingør for qualification assessment services to so far 75 refugees and immigrants in match groups four and five leading to a job placement or education. In this connection, it was important that the Danish Refugee Council could document the effect of the services provided in relation to these target groups.

It is expected that this area will develop further in 2008 although the economic trends and the discontinuation of the special government grant for the project "A second chance for all" may affect the development in the longer run.

Centre for Vulnerable Refugees is financed via Funds to disadvantaged ("satspuljemidler") combined with funding for specific development projects.

In 2007, Centre for Vulnerable Refugees under the Danish Refugee Council has worked on strengthening the knowledge centre perspective with special focus on knowledge collection and sharing through education and courses, the web site traume.dk, telephone and other counselling of practitioners and local players as well as reports describing the status and development trends in the area. Centre for Vulnerable Refugees is responsible for two development projects aimed at method development of practice in relation to the target group. In November 2007, the close collaboration with the Ministry led to the conference "A better future for traumatised refugees".

In 2007, the Danish Refugee Council implemented a quarterly reporting system which provides an overview of the contents, scope and development in the Danish language training and in relation to project, pool and contract activities. The quarterly reports also follow up on the strategy and marketing plans of the local departments.

4.2.3 Donated funds

International project aid

The Danish Refugee Council's international activities first and foremost contribute to establishing solutions for international refugee issues, including solutions for international humanitarian aid of long duration to refugees and internally displaced persons with focus on community development, rehabilitation and capacity building. Other activities contribute to emergency aid to refugees and internally displaced persons, including the provision of basic necessities of life, support for temporary shelter and support to local communities that provide housing for refugees and internally displaced people. The efforts are primarily concentrated in the regional areas of the refugees where the best possible use can be made of the aid. The Danish Refugee Council often carries out the activities in collaboration with UN organisations, especially UNHCR.

4. MANAGEMENT'S REVIEW 2007

In 2007, the Danish Refugee Council signed a Memorandum of Understanding with UNHCR which will form the basis of the future strategic and operational collaboration with special focus on emergency aid, protection and durable solutions.

UNHCR plays an important role as partner for the Danish Refugee Council in relation to the solutions for international humanitarian aid of long duration to refugees and internally displaced persons. It is therefore important for the activities of the Danish Refugee Council that the formal partnership of UNHCR is strengthened.

In 2007, the Danish Refugee Council was also a very active participant in the Humanitarian Accountability Project (HAP), see the section on Human resources.

A dedicated commitment to strengthen and consolidate the variety of donors has been successful. The continued close collaboration with Danida rests on a solid and good foundation, and an annual meeting forms the basis for agreements about special strategic and geographical efforts in the coming year. Danida's contributions to the humanitarian aid of the Danish Refugee Council are still very important for the Council's ability to raise funds from other donors. The number of countries making substantial contributions to the international emergency relief activities of the Danish Refugee Council is considerable. Swedish SIDA is now one of the most important donors together with the Netherlands, Ireland, Switzerland, the USA and Norway. Also the collaboration with donors as the UN and EU/ECHO (European Community Humanitarian Office) has been expanded.

Africa now represents the main focus area.

In 2007, the Danish Refugee Council consolidated and strengthened its efforts in East Africa, West Africa, the Middle East, the Balkans, Caucasus and Asia.

For organisational purposes, Danish Demining Group (DDG) has been fully integrated in the International Department of the Danish Refugee Council from 1 January 2007, and the demining activities have therefore been defined as a sector in the international activities of the Danish Refugee Council. The integration has permitted a more effective utilisation of resources in relation to management, administration and staff.

West Africa

In West Africa, considerable contributions from Danida and the EU have made it possible to expand the activities in respect of refugees and internally displaced people who have returned to their home country, primarily Liberia. However, in 2007 offices were also established in the neighbour countries the Ivory Coast, Sierra Leone and Guinea. Focus is on protection, support to return and reestablishment of a new basis for living in the home country and capacity building of institutions and community development. A special regional gender-focused programme was started in 2007 with funds from Danida.

East Africa

The activities in Africa's Horn – Somalia, Somaliland, Puntland and in the refugee camps in Northeast Kenya have been expanded considerably in 2007, including relief aid in connection with the deteriorating humanitarian situation in Mogadishu. All activities are aimed at providing relief aid as well as support to build up a new basis for living, rehabilitation and long-term support for and capacity building of local structures.

A new project was established in Yemen in 2007 aimed at helping the large number of refugees and immigrants who cross the Red Sea from Somaliland/Puntland and Ethiopia.

In Uganda, the Danish Refugee Council continued its long-running relief aid to refugees from Sudan. In 2007, it also became possible – following intensive lobbying work – to help the many internally displaced persons in North Uganda.

In Darfur, the humanitarian aid continued in a very difficult security environment. The situation was very unstable in 2007, and an increasing number of internally displaced persons had to seek protection. The relief aid focused on securing access to humanitarian aid and on providing protection for the many internally displaced persons through international relief activities.

Central African Republic

In November, the Danish Refugee Council opened an office in the Central African Republic at the request of UNHCR and United Nations Office for the Coordination of Humanitarian Affairs for the purpose of providing humanitarian aid to the large number of internally displaced persons in the country.

North Caucasus

The positive development in the security situation in Chechnya has made it possible for most of the internally displaced persons to return to their home. The Danish Refugee Council has established a permanent office in Grozny with focus on durable solutions in respect of rehabilitation, income-generating projects and social activities instead of aid of a shorter duration.

4. MANAGEMENT'S REVIEW 2007

The Balkans

The activities in the Balkans continue, but in 2007 the uncertainty about Kosovo's status impacted these activities. Owing to the uncertainty, it has been difficult to find donors who are prepared to invest substantial funds in return and repatriation activities. The Danish Refugee Council has worked hard at continuing the activities aimed at particularly vulnerable groups in Kosovo and Serbia and hopes to be able to continue the activities in 2008.

Ukraine and Central Asia

The humanitarian activities in this region have concentrated on projects aimed at establishing and strengthening asylum authorities and supporting community organisations dealing with the refugee issue.

Middle East

In spite of the special challenges in Iraq in terms of security, it has been possible to expand the activities significantly. Together with the implementation of a comprehensive programme for removal of unexploded objects in South Iraq, the activities relating to groups that need legal assistance, income-generating programmes and temporary shelter have been expanded.

Several million Iraqi fled to the surrounding countries in 2007 as a result of the deteriorating situation in Iraq. The Danish Refugee Council therefore established an office in Syria in order to be able to provide humanitarian aid to Iraqi refugees there. At the beginning of 2008, a collaboration agreement was signed with the Syrian Red Crescent.

In Lebanon, the activities aimed at internally displaced persons as a result of the conflict in 2006, Iraqi refugees and the non-registered Palestinian refugees continued.

Sri Lanka

In spite of the deteriorating situation in terms of security, the Danish Refugee Council succeeded in continuing a large number of activities in Sri Lanka. Unfortunately, the Danish Refugee Council was affected by a case involving fraud. The loss of DKK 2.1 million is covered by the Council's own funds.

In 2007, the activity level of the emergency roster of the Danish Refugee Council was very high. An extra appropriation was granted by Danida because of the increasing need for secondment to a number of UN organisations. Total appropriations for 2007 amounted to DKK 15.3 million. Focus was particularly on secondment of protection and logistics specialists.

More than 2 million people have received humanitarian aid from the Danish Refugee Council in 2007. Relief aid etc. has been provided to approximately 200,000 persons in Darfur. In North Caucasus, the number of persons receiving food has now been reduced to 30,000, and instead it has been possible to use resources for building approximately 400 houses and for helping 400 families establish their own business. In South Caucasus, rehabilitation assistance and financial support/micro-credits have been provided to approximately 20,000 persons.

In 2007, revenue from total international activities amounted to DKK 410 million, including Danish Demining Group (DDG).

A total amount of DKK 1.9 million of unused funds was returned in connection with the completion of projects.

Demining

Danish Demining Group continued its demining activities and removal of unexploded objects.

DDG operates in eight countries: Afghanistan, Iraq, Chechnya, Somalia, Somaliland, Sri Lanka, Uganda and Sudan.

DDG's activities are governed by the international framework for humanitarian mine action: the Ottawa Convention. The Ottawa Convention consists of five pillars in the Humanitarian Mine Action sector: Demining, removal of unexploded objects, mine awareness, advocacy and assistance to mine victims. In 2007, DDG primarily worked with the four first pillars and to a less extent with assistance to mine victims.

In 2007, activities were started in two new countries, Uganda and Somalia. With an appropriation from Danida, DDG established a programme in North Uganda in July 2007 in order to support the local demining activities in their efforts to provide a more targeted assistance to UNHCR's programme for internally displaced people (IDPs) who return home. It is expected that approximately 1.5 million IDPs will return home during the next two or three years. Rotary Denmark has started a collection in support of the programme.

In continuation of the conflicts in Somalia, DDG has assisted with demining information and training of local teams to remove unexploded objects in the streets of Mogadishu. It is expected that the programme will be extended to the whole of Somalia during 2008.

4. MANAGEMENT'S REVIEW 2007

In Iraq, DDG benefited from prior years' capacity building when the local NGO Rafadain was registered in September 2007. This is the only local NGO in South Iraq working with demining.

Afghanistan still represented the main focus area of DDG. Between 60 and 100 persons are injured by mines and unexploded objects each month, and DDG works actively and efficiently in North and Central Afghanistan to limit the consequences.

DDG's revenue amounted to DKK 83 million which is an improvement of DKK 10 million against 2006.

In 2008, an increase in activities is expected.

In 2008, DDG will focus especially on continuing and strengthening the new initiatives commenced in 2007 with special focus on the destruction of hand weapons and capacity building. DDG will start a pilot project in Somaliland. The project will be carried out in collaboration with the other programmes of the Danish Refugee Council in the same region. Based on a thorough needs analysis made by DDG and the local collaborative partners in 2007, it is expected that the project will run over the next two years.

Moreover, DDG will strengthen its efforts to develop more effective demining methods, including the establishment of mechanic demining. Finally, DDG will continue to focus on capacity building. It is planned to combine the other international activities of DDG and the Danish Refugee Council under joint management in the two programme countries.

4.2.4 Government Budget appropriations etc.

The work financed directly through the Government Budget appropriations constituted approximately 4.3% of the Danish Refugee Council's total activities.

The Danish Refugee Council has prepared a report on the results of the performance contract at the end of November with focus on the actual professional performance, activities and measures in relation to the performance objectives (November status) and a final report at the beginning of April, coordinated with the preparation of the annual report of the Danish Refugee Council. To an increasing extent, experience gained is reported in the form of memoranda and investigations.

The Danish Refugee Council's main assignments in relation to the government appropriations in 2007 comprised:

- The secretariat work (maintenance of a basic structure and contingency)
- organisation of volunteer work to encourage the integration of refugees in local communities, including cultural and information activities
- documentation work and counselling
- participation in quota work, mission planning for reunited family members, etc.
- participation in the processing of cases regarding the manifestly unfounded procedure in connection with the Danish Immigration Service's processing of these cases
- repatriation activities.

The work in relation to the manifestly unfounded procedure and booking and reception regarding reunited family members is not included in the performance contract, but in the framework agreement with the Danish Immigration Service. Counselling of refugees who wish to return to their countries of origin (repatriation) etc. is included in a special contract with the Ministry for the period 2007-2009.

Overall, 91.1% of the 18 objectives for 2007 were fulfilled, against 98.5% in 2006. One objective was not fulfilled, and two objectives were partly fulfilled. The performance is regarded as very satisfactory.

Government Budget appropriations in 2007 totalled DKK 26.2 million. In addition to this are funds from local authorities of DKK 0.6 million.

Volunteer work

In 2007, the Danish Refugee Council established a three-year strategy for the volunteer integration work aimed at retaining and recruiting volunteers who wish to support refugees and immigrants through volunteer integration work and at maintaining the principle of refugees/immigrants being the centre of attention in all activities.

The strategy builds on four focus areas:

- The school and educational course of persons belonging to ethnic minorities (homework assistance, language training etc.)
- Access to the labour market of persons belonging to ethnic minorities (direct and indirect labour market-related activities)
- Social activities and informal relations for specific target groups among ethnic minorities (women, quota refugees, families, traumatised refugees etc.)
- Active citizenship among ethnic minorities (programme for capacity building of the ethnic minorities' own organisations).

4. MANAGEMENT'S REVIEW 2007

In 2007, the volunteer integration work also included homework assistance and language training for children and grown-ups, contact family schemes for refugees/immigrants, counselling, direct and indirect labour market related activities, activities for women, youngsters, traumatised refugees etc.

The number of volunteers as well as users continues to rise. The volunteers are organised in volunteer groups, counselling centres with volunteer guides/mentors in one-to-one projects.

	<i>Number of volunteers</i>	<i>Number of volunteer groups</i>	<i>Beneficiaries</i>
2005	2,800	216	11,200
2006	3,500	225	12,800
2007	4,000	241	13,400

Documentation, asylum counselling, quota work and manifestly unfounded procedure

The **documentation work** was continued in 2007. Nine of the existing country profiles have been updated. Three legal memoranda have been prepared on the Dublin Regulation, the access of asylum seekers to marry, and a memorandum which describes the central EU directives regarding asylum and temporary residency and compares them with Danish standards.

The Danish Refugee Council has participated in three so-called fact finding missions together with the Danish Immigration Service in Syria, Somalia and the Democratic Republic of Congo.

The purpose of the fact finding missions is to procure first-hand knowledge of the human rights situation in the country in question to be used in the processing of applications for asylum from citizens from the countries in question.

The counselling services to asylum seekers continued. In addition, the Danish Refugee Council has provided special general counselling to the Iraqi interpreters and their families who arrived in Denmark during 2007.

As part of an evaluation of the counselling services offered to rejected asylum seekers from Kosovo, a questionnaire survey has been made among asylum seekers who have returned to Kosovo. The purpose of the survey was to evaluate whether the counselling services offered to rejected asylum seekers have been useful and adequate. At the same time, the survey aimed at accumulating knowledge of the counselling services needed to best prepare the rejected asylum seekers for their return and new life. The survey among other things demonstrated how important it is that information is provided to all the persons involved and that it is detailed and accurate.

The Danish Refugee Council has participated in three quota selection trips to Malaysia, Uganda and Tanzania. This was the first time that a quota selection trip was made to Tanzania where citizens from the Democratic Republic of Congo, Burundi and Rwanda were selected for resettlement in Denmark.

The number of cases considered in the **manifestly unfounded procedure** is decreasing and in 2007 comprised a total of 108 cases against 232 in 2006.

Repatriation activities

2007 was the first year of a three-year contract with the Ministry of Integration for repatriation activities in a total amount of DKK 7.2 million.

In 2007, experiences have been gathered from more than 12 years' repatriation work and support to refugees who return to Bosnia and Herzegovina. The experiences have been collected in the publication "Repatriation and Reintegration – Experiences of Refugees and Immigrants Returning to Bosnia and Herzegovina."

The film "My Home" tells the story of five older Bosnian families and their difficult decision to return to a new life in Bosnia and Herzegovina after having lived as refugees in Denmark. The film has been shown in Denmark and internationally and to refugees as well as professionals.

In 2007, a repatriation employee visited Afghanistan to gather information for refugees from Afghanistan who contemplate the possibility of returning to their home country. The employee, who has origins in Afghanistan, interviewed Afghans who had returned to their home country from Denmark. The experiences from the visit have among other things been communicated via newsletters and at meetings with the Afghan network in Denmark.

4. MANAGEMENT'S REVIEW 2007

In 2007, the Danish Refugee Council provided individual personal counselling to 223 individuals and replied approximately 950 repatriation requests from refugees and immigrants – by telephone, the Internet or through personal applications. Seven outreach collective counselling meetings have been held for municipal social workers, and five meetings have been held with refugees and immigrants who have been informed of the possible repatriation services. A total of 111 persons returned to their countries of origin in 2007. 30 individuals were supported with reintegration aid comprising fixed monthly amounts to old and weak refugees and immigrants.

Return of rejected asylum seekers from Kosovo

The Danish Refugee Council is implementing a project aimed at creating durable solutions for the rejected asylum seekers from Kosovo who after several years at asylum centres in Denmark return home to Kosovo. The returnees are offered special reintegration services, including legal and return counselling, return packages containing food, firewood, furniture etc., potential job placement services and vocational support, reconstruction of housing and native language courses for children. The activities are financed by appropriations from the European Neighbourhood and Russia Programme (ENR) under the Danish Ministry of Foreign Affairs which has granted DKK 4.4 million. The project was extended in 2007 when the Ministry of Foreign Affairs granted a further approximately DKK 4 million for special activities for mentally ill Kosovans who are now ensured psychiatric treatment and practical help, which also strengthens the already strained Kosovan healthcare system.

The European Commission which also supports the reintegration activities aimed at the returned Kosovans finances seminars and international conferences as well as reports that contribute to identifying return issues, best practices and potential European consolidated, durable solutions.

Special activities for Iraqi asylum seekers

At the end of 2006, UNHCR announced that all Iraqis from South and Central Iraq were entitled to asylum. The clear statement from UNHCR did not result in a change of practice on the part of the Danish asylum authorities, and neither did they reconsider the many rejected asylum seekers. On this background, the Danish Refugee Council decided to assist Iraqis from Central and South Iraq who had been rejected by the Refugee Board in their attempt to have their cases reconsidered by the Refugee Board. The activities were financed by a special appropriation of DKK 0.4 million from the Danish Refugee Council's own funds.

The assistance offered by the Danish Refugee Council comprised general counselling and a personal conversation, and hereafter an asylum application was sent to the Refugee Board for reconsideration on behalf of the involved refugees. The Danish Refugee Council has assisted a total of 196 refugees, i.e. refugees who have previously been rejected by the Refugee Board. During 2007, the Refugee Board processed 76 applications and decided to reconsider 22 applications. However, 54 refugees were rejected. At 1 January 2008, 128 applications awaited a final decision.

4.3 OUTLOOK

No events of significance to the annual report for 2007 have taken place after the end of 2007 that have not been disclosed in the annual report.

The total budget for 2008 shows activities of DKK 710 million.

The Danish Refugee Council's national door-to-door collection in 2008 will take place on 9 November.

In Denmark, the language centre activities are expected to represent a substantial part of the activities in 2008. The Danish Refugee Council intends to continue to tender for strategic, financially and geographically relevant activities. Århus language centre is put out to tender in 2008. The outcome of the tender will be of great importance for the following years. It is expected that the integration work will be strengthened when the organisation of the local authorities has fallen into place following the local government reform.

In the international area, total revenue of DKK 483 million is budgeted, including demining activities of DKK 96 million.

It is expected that work financed by Government Budget appropriations will amount to DKK 27 million, or about 4% of the total budget. This includes repatriation activities under the Refugee Council's three-year contract with the Ministry and the framework agreement in respect of the manifestly unfounded procedure, quota trips and travel planning for reunited refugees.

A performance contract has been made with the Ministry of Refugee, Immigration and Integration Affairs regarding a total of 20 performance targets for 2008. The targets comprise the volunteer work and documentation and counselling in the asylum area. The repatriation activities are subject to the special conditions described in a three-year contract for the years 2007-09. The framework agreement for 2007 regarding the manifestly unfounded procedure, booking and reception of reunited family members as well as participation in quota trips will be continued in 2008.

4. MANAGEMENT'S REVIEW 2007

The overall performance for 2008 will continue to be affected by developments in the refugee area, nationally as well as internationally, and by the conditions prevailing for the Refugee Council's work. The performance for 2008 is expected to be the same as for 2007.

4.4 PARTICULAR RISKS

General risks

The Danish Refugee Council's activities are always subject to the special conditions applying to international emergency aid and reconstruction work, including the challenges of carrying out activities in areas that lack well-functioning structures and institutions. The administrative funds allocated in connection with donated funds are restricted to such an extent that it is not possible to cover unforeseen expenses, which inevitably arise in relation to the international activities.

A particular risk is a rapid change in the overall composition of activities, including the total level of activity. This requires flexibility and rapid adjustment and adaptation in relation to contracts, donor terms, personnel and leases.

Financial risks

Financial risks relate to the following areas:

- 1) Changes in exchange rates and interest terms
- 2) Uncertainty regarding banking and transfer conditions related to international activities.
- 3) Political decisions regarding refugee matters both nationally and internationally.

4.5 HUMAN RESOURCES

The Danish Refugee Council is continuously striving to strengthen and develop qualifications in national and international activities.

As a result of its qualifications, the Danish Refugee Council is on the board of several international organisations, including HAP-I (Humanitarian Accountability Partnership – International), in which the Danish Refugee Council was appointed chairman in 2007, ICVA (International Council of Volunteer Agencies) and ECRE (European Council on Refugees and Exiles).

International project work

As part of the continued professional development and the Danish Refugee Council's membership of HAP-I (Humanitarian Accountability Partnership – International), professional processes have been continued or initiated with a view to increase focus on the Danish Refugee Council's accountability, i.e. transparency, quality and responsibility, in respect of donors as well as recipients in the international humanitarian work. For 2007, there have been four special focus areas:

HAP Certification

Based on a comprehensive examination of procedures, standards and principles in programme management in DRC International, in the field as well as at the headquarters, the Danish Refugee Council was certified under HAP in 2007 as one of the first international humanitarian organisations. Accordingly, the Danish Refugee Council has contributed to developing and testing the final version of a new and ambitious global standard for providing humanitarian services, HAP's 'accountability framework'. As a result of the full certification, the Danish Refugee Council has identified areas that require permanent follow-up aimed primarily at further strengthening 'accountability' in the international work of the Danish Refugee Council and at retaining the certification as a guarantee of quality in the humanitarian activities.

Protection of internally displaced persons (IDPs)

The ongoing humanitarian reform of the UN system has identified protection of internally displaced persons as a neglected and critical focus area. Based on the comprehensive experiences gained by the Danish Refugee Council during many years of activities aimed at this particular target group, the organisation has decided to further strengthen the position and capacity of the organisation in the IDP area. In 2007, the Danish Refugee Council therefore implemented three initiatives aimed at strengthening the organisation's role in relation to IDP protection: a) In order to profile the Danish Refugee Council internationally in respect of IDP protection, an IDP positions paper has been prepared which describes the positions and the approach to the IDP protection work in the Danish Refugee Council; b) The Danish Refugee Council has carried out targeted activities that have developed IDP profiling methods, i.e. data collection with a view to identifying the approach to the specific protection work; c) Training activities have been continued and developed in order to enhance the qualifications in this specific area of the Danish Refugee Council and the partnership organisations.

4. MANAGEMENT'S REVIEW 2007

Revision of International Programme Manual

Following the continuous collection of experiences and the intensified professional development in recent years, it has been decided to gather this knowledge in a revised programme manual. The manual is developed through professional seminars and in thematic workgroups under the management of an international consultant in close collaboration with a cross-functional steering group with participation from both the field and the headquarters.

Reporting and performance evaluation

A comprehensive desk study and a field study of methods of measuring the impact of the projects for the target group were completed in the course of 2006. In this connection, a mandatory reporting format has been developed and introduced that includes the activities of the individual countries and consequently supplements the somewhat narrow reporting of results to the donor on the individual projects. In accordance with the format, a current monitoring and evaluation plan will be prepared for each activity which will increase focus on planning and monitoring. The format also prescribes an annual inspection of the activities of the individual countries with participation of the local employees in the programme and from the headquarters in Copenhagen, and quarterly reports are prepared. In 2007, this reporting format was formally introduced and tested in all the international programmes of the Danish Refugee Council. The model is evaluated at the beginning of 2008 when the final version will be determined.

The professional work

At the annual programme leader meeting in October 2007 and at follow-up meetings, the following main focus areas were addressed and determined: a) strengthening of the Danish Refugee Council's financial and administrative capacity; b) strengthening of the Danish Refugee Council's human resources base through systematic training and introduction activities; c) resolution of the Danish Refugee Council's position in relation to global migration and asylum issues; d) preparation of tools for the practical use of protection and the livelihood approach in the Danish Refugee Council's programmes

The emergency roster

The Danish Refugee Council's emergency roster provides special fixed-term assistance in emergency situations as a supplement to the capacity of the UN organisations. The emergency roster consists of approximately 250 highly qualified and trained specialists who possess intensive experience of humanitarian activities.

The Emergency Roster seconded specialists to different UN organisations, primarily UNHCR, United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and World Food Programme (WFP). Typically, roster members are seconded for 3-6 months. The specialists on the Emergency Roster are available for rapid secondment to hot spots all over the world normally within 72 hours.

The Emergency Roster's focus on the protection area resulted in the establishment of continued collaboration with IDP Protection Stand-by Capacity (ProCap) under United Nations Office for the Coordination of Humanitarian Affairs (OCHA). ProCap is a special emergency roster used by four UN organisations. Accordingly, the Emergency Roster contributes to creating and training a professional team of Senior Protection Officers in the IDP area.

Demining

Danish Demining Group (DDG) has special qualifications in demining and other clearing of explosive remnants of war to improve safety and stimulate and create growth and stability in the areas affected by armed conflicts.

DDG plays an important role in the international mine action world with its small flexible mobile teams that enable DDG to carry out integrative activities including information, data collection and clearing. DDG has developed special qualifications in capacity building and increasingly focuses on strengthening local capacity. Also, gender and human rights issues are important elements of DDG's activities.

DDG is in the process of developing new qualifications in information, collection and destruction of hand weapons.

Safety, professionalism, well-tested routines and cost effectiveness are important parameters for DDG. Standard operations procedures (SOP) have been developed for all operations based on international demining regulations and training plans etc. to ensure that all aspects of the demining activities are being considered and that handling of explosives takes place in a proper and safe way.

DDG works actively with clearing the "right" areas. As demining and ordnance clearing are costly and time consuming, it is very important that areas that are vital for the recovery of a community are cleared first. This is ensured through co-operation with the local mine action centres and through DDG's own socioeconomic analyses and preliminary technical examinations.

By participating in international demining networks, DDG has a role to play in the development of this area. DDG also participates in strategy developments under the auspices of the UN and in co-operation with Danida and other donors.

4. MANAGEMENT'S REVIEW 2007

International asylum law

The Danish Refugee Council possesses a unique competence in asylum law with knowledge of Danish and international aliens legislation, on the legal positions of refugee-producing countries and the development of a European refugee policy. The Refugee Council's expertise is being exploited internationally in several connections, for example in countries needing training and education on international asylum and refugee law, including fulfilment of rights and obligations of the Refugee Convention.

The Danish Refugee Council is on the board of the European umbrella organisation ECRE (European Council on Refugees and Exiles) which has some 80 member organisations. ECRE is concerned with European asylum and refugee questions and is seeking to influence the EU's policy in this area. The Danish Refugee Council represents the Nordic countries, the Baltic countries, Russia and Azerbaijan. The Danish Refugee Council participates in ECRE's special task groups on return, resettlement and access.

Return of rejected asylum seekers

Through its engagement in projects on the return of rejected Kosovans, the Danish Refugee Council has accumulated special qualifications in return counselling. Overall, the projects represent one of the most comprehensive return programmes for rejected asylum seekers in Europe and are the first of its kind that aims at taking a fundamental holistic approach. The presence of the Danish Refugee Council in the sending and receiving country ensures the continuous monitoring of the reintegration process and makes it possible to identify which initiatives and activities ensure durable solutions, and at the same time the necessary adjustments can be made to the programme.

NGOs and authorities from other European countries have shown great interest in the integration work of the Danish Refugee Council for rejected asylum seekers from Kosovo, and a concept is being developed in the area in order that fair and durable solutions may be offered to Kosovans who return to their home country from other European countries.

Repatriation

For many years, the Danish Refugee Council has developed expert skills on repatriation – the return of refugees and immigrants to their countries of origin. The Danish Refugee Council provides counselling to municipalities and refugees, supports capacity building in the home country and exchanges experience of the reintegration of returnees. In the counselling of municipalities, the inclusion of the repatria-

tion option in the integration process represents an important element that allows the individual refugee or immigrant to consider the repatriation option as part of the integration process and education and career choices. A constructive dialogue with the home country is another important element that forms the basis for acknowledging that the returnees may add resources to the country and the local community.

Integration work

In Denmark, The Danish Refugee Council continues to develop its special competences to generally improve the level of qualifications in the integration area.

The Danish Refugee Council has developed successful methods that combine vocational and rehabilitation activities for particularly vulnerable and traumatised refugees and immigrants in order to improve the occupational opportunities of this target group. The professional knowledge and capacity in relation to the work with particularly vulnerable refugees and immigrants have been strengthened both in the practical nationwide integration work and via Centre for Vulnerable Refugees. The centre aims at operating as a national knowledge and counselling centre on integration and rehabilitation of vulnerable refugees and immigrants.

The Danish Refugee Council is now the largest provider of Danish language courses for refugees, immigrants and other foreigners in Denmark, and as such the Danish Refugee Council is committed to developing methods in the flexible Danish language courses where refugees, immigrants and foreign employees can train their communication skills in relation to job function and workplace. Århus language centre has started a development project on online tuition, i.e. Danish language training on the Internet, supported by the Ministry of Integration. Special courses are also offered to old and young people and traumatised persons.

Integration assignments for municipalities are combined with the **Danish Refugee Council's integration work carried out by volunteers.**

In a number of areas, volunteers from the Danish Refugee Council's network of volunteers support persons belonging to ethnic minorities. This network now comprises approximately 4,000 volunteers all over the country. Volunteers offer to share their networks, resources and experiences and to help refugees and immigrants being included in the active citizenship in the local community. Children and youngsters receive homework assistance, language training and counselling. Volunteers contribute actively to helping persons belonging to ethnic minorities gain a foothold in the Danish society and thereby directly or indirectly integrate them into the labour market.

4. MANAGEMENT'S REVIEW 2007

Efforts are still being made to develop new methods in the volunteer integration work and to introduce new activities. The volunteer network has its own web site which offers "tool boxes" where information about the volunteer integration work is shared, e.g. through the establishment of volunteer activities for women belonging to ethnic minorities, reception of quota refugees, establishment of contact family schemes and special activities in socially exposed residential areas.

Activities for girls belonging to ethnic minorities represent a new focus area. The Danish Refugee Council has identified a considerable demand for clubs for teenage girls and a wish among girls belonging to ethnic minorities and volunteer women to participate in the clubs. Over a two-year period, methods and tools have been developed for the establishment and anchoring of the clubs based on volunteers in socially exposed residential areas. The methods and the specific tools concentrate on creating contact and retaining the target group

in the activities. Also, focus is on the synergies achieved when the activities are based in the residential areas.

The Interpreter Services of the Danish Refugee Council provides interpretation and written translations in 60 different languages and is recognised by among others CIRIUS (an information centre where persons with foreign qualifications can have these assessed and recognised), hospitals, the Danish National Board of Health, the Danish Ministry of Foreign Affairs and the Danish Immigration Service.

The Interpreter Service of the Danish Refugee Council is a national service coordinating the interpreter services from offices in Copenhagen and Århus. The Refugee Council has approximately 500 freelance interpreters.

It is important that the interpreter is a serious provider of qualified interpretations. The interpreters are therefore subject to quality requirements including ethics and neutrality, knowledge of Danish culture, Danish institutions and legislation.

5. ACCOUNTING POLICIES

5.1 GENERAL

The annual report of the Danish Refugee Council for 2007 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act. In certain respects, the financial information exceeds the minimum disclosure requirements for reporting class B enterprises.

The accounting policies are consistent with those applied last year except for the policy for calculating the exchange rate for the project currency. The comparative figures for prior years have not been restated in connection with the change in accounting policies.

Terms and classifications have been adjusted to the Danish Financial Statements Act, taking into account the special structure of the enterprise.

Foreign currency translation

Foreign currency spent on international projects is calculated on a regular basis against Danish kr. as a weighted average of the exchange rates at the payment date of the projects.

5.2 INCOME STATEMENT

Collected funds are recognised as income when received and recognised as expenses when allocated. Collected funds which the Executive Committee has earmarked as allocations for specific purposes are included in the restricted equity until used.

Costs concerning planned national door-to-door collections are recognised in the collection year.

Consulting services and interpretation hours are recognised when invoiced. School-related grants are recognised as earned. The result of these activities is recognised in equity as "own funds".

Donated funds are recognised as income when used. Any deficit on projects will be covered by an allocation from the Refugee Council's own funds and be included as an expense in collected funds. Income and expenses for the year on international project assistance will, consequently, be equal in size.

Costs incurred in generating the revenue for the year are recognised in the income statement, including depreciation and lease expenses.

Financial items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities. Financial items are included in the specific main categories of the income statement.

5.3 BALANCE SHEET

Property, plant and equipment

Land and buildings, fixtures and fittings and equipment are measured at cost less accumulated depreciation. Land is not depreciated. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided according to the straight-line method, based on the following expected useful lives:

• Cars	3 years
• Fixtures and fittings	3 years
• IT	3 years
• Buildings	50 years
depreciated at expected scrap value	

Changes have been made in the depreciation of cars and fixtures and fittings as a result of the international projects of the Danish Refugee Council.

Depreciation is recognised in the income statement under own funds and donated funds, respectively. Minor acquisitions with a cost of less than DKK 11,600 and most assets for international projects are recognised in the year of acquisition.

Property, plant and equipment are written down to their recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement.

Donated funds

Donated funds received before the time of use are recognised in the balance sheet as payables. Donated funds used which have not been received at the time of use are recognised as receivables.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses according to an individual assessment.

Prepayments

Prepayments comprise costs paid concerning subsequent financial years.

5. ACCOUNTING POLICIES

Securities

Listed securities recognised as current assets are measured at fair value at the balance sheet date.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits etc., nationally and internationally.

Provisions

Provisions comprise anticipated costs in connection with winding up activities. Provisions are recognised when, as a result of past events, the enterprise has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

6. INCOME STATEMENT

INCOME STATEMENT FOR THE FINANCIAL YEAR 1 JANUARY – 31 DECEMBER

Note	2007 DKK'000	2006 DKK'000
1 Collected funds		
Collected funds – income	36,216	30,750
Collected funds used	33,285	24,965
Result of collected funds	2,931	5,785
2 Own funds		
Own funds – income	148,439	134,144
Own funds used	142,764	133,533
Result of own funds	5,675	611
3 Donated funds		
Donated funds – income	424,712	423,136
Donated funds used	424,712	423,136
Result of donated funds	0	0
4 Activities funded by Government Budget appropriations etc.		
Activities funded by Government Budget appropriations etc. – income	26,780	27,676
Activities funded by Government Budget appropriations etc. used	27,072	27,688
Result of Government Budget appropriations etc.	-292	-12
RESULT FOR THE YEAR	8,314	6,384
Total income	636,147	615,706
Total costs	-627,833	-609,322
Result for the year	8,314	6,384

The result for the year is covered by/transferred to equity as follows

Total collected funds	2,931	5,785
Total own funds	5,675	611
Total Government Budget appropriations etc.	-292	-12
Total treatment of result	8,314	6,384

7. BALANCE SHEET – ASSETS

BALANCE SHEET AT 31 DECEMBER		2007	2006
Note		DKK'000	DKK'000
ASSETS			
5	Property, plant and equipment		
	Land and buildings	5,475	5,475
	Fixtures and fittings and equipment	518	356
	Total property, plant and equipment	5,993	5,831
	Total fixed assets	5,993	5,831
Current assets			
Receivables			
3	International project aid	98,308	79,897
3	Other project aid	4,483	3,753
	Trade receivables	31,545	21,661
	Other receivables	12,545	9,340
	Prepayments	971	975
	Total receivables	147,852	115,626
	Securities	4,740	4,827
6	Cash at bank and in hand	63,072	58,947
	Total current assets	215,664	179,400
	TOTAL ASSETS	221,657	185,231

7. BALANCE SHEET – EQUITY AND LIABILITIES

BALANCE SHEET AT 31 DECEMBER		
Note	<u>2007</u>	<u>2006</u>
	DKK'000	DKK'000
EQUITY AND LIABILITIES		
Equity		
	29,972	27,041
	20,642	14,967
	331	623
7	<u>50,945</u>	<u>42,631</u>
	<u>2,501</u>	<u>3,045</u>
Provisions		
Short-term liabilities other than provisions		
	0	3,735
	18,228	9,548
3	105,458	89,526
3	4,683	5,589
8	25,121	21,334
	14,721	9,922
	<u>168,211</u>	<u>139,654</u>
	<u>221,657</u>	<u>185,231</u>
	<u>221,657</u>	<u>185,231</u>
	<u>221,657</u>	<u>185,231</u>

Note 9: Financial items

Note 10: Contingent liabilities

Note 11: Wages and salaries

Note 12: Related parties

8. NOTES

NOTES

1	Collected funds	<u>2007</u>	<u>2006</u>
		DKK'000	DKK'000
	National door-to-door collection	14,923	12,824
	Special purposes, football pools and lottery	2,224	2,324
	Special purposes, other	2,876	3,289
	Private and regular contributions	12,172	9,322
	Collected funds, general	994	2,254
	New activities	3,027	737
	Total income	<u>36,216</u>	<u>30,750</u>
	Collected funds used		
	Costs of collection, information and recruitment of volunteer workers	3,702	3,140
	Transferred to international activities (project support)	6,413	0
	From national collection for international project activities, used in 2007	10,716	8,597
	From national collection for international project activities, granted in 2007, but not yet used	21	2,067
	For special purposes	4,245	4,991
	Private and regular contributions	3,429	2,664
	Collected funds, general	583	827
	New activities	3,326	1,395
	Information, development and campaign costs	850	1,284
	Collected funds used	<u>33,285</u>	<u>24,965</u>
	Result of collected funds	<u><u>2,931</u></u>	<u><u>5,785</u></u>
2	Own funds		
	Integration, language centres not included		
	Revenue, sale of consulting services	16,386	15,077
	Revenue, interpretation etc.	12,125	13,836
	Total revenue	<u>28,511</u>	<u>28,913</u>
	Wages and salaries	18,156	19,365
	Other external costs	8,935	8,780
	Total expenses	<u>27,091</u>	<u>28,145</u>
	Result	<u><u>1,420</u></u>	<u><u>768</u></u>

8. NOTES

2 Own funds	<u>2007</u>	<u>2006</u>
	DKK'000	DKK'000
Language centre activities		
Municipal grants	116,290	101,118
Teaching services sold etc.	2,065	3,523
Total primary income	<u>118,355</u>	<u>104,641</u>
Wages and salaries	85,196	81,868
Other external costs	26,603	23,265
Total expenses	<u>111,799</u>	<u>105,133</u>
Result	<u>6,556</u>	<u>-492</u>
 Other own funds		
Membership fees from other member organizations	312	312
Glamsbjerg, leasehold income	335	71
Financial income	926	207
Total income	<u>1,573</u>	<u>590</u>
Property expenses	67	255
Other	3,807	0
Total expenses	<u>3,874</u>	<u>255</u>
 Result for the year	<u>-2,301</u>	<u>335</u>
Own funds – total income	148,439	134,144
Own funds – total expenses	142,764	133,533
Result	<u>5,675</u>	<u>611</u>

8. NOTES

3 Donated funds	2007	2006
	DKK'000	DKK'000
International projects		
Balance at 1 January	9,431	50,098
Grants recieved for international project aid	416,475	375,757
EU grants used	74,445	86,626
Danida grants used	157,813	149,781
UNHCR grants used	73,754	30,773
Min. of For. Affairs, the European Neighbourhood & Russia	23,774	4,696
Other grants used	80,765	138,337
Net movement cash/bank	9,696	998
Net movement outlays	1,070	-2,572
Funds returned re. completed projects	1,886	6,977
Net provision for bad debt losses	-4,448	808
Balance at 31 December	7,151	9,431
Balance at 31 December, international projects, is distributed in the balance sheet as		
Receivables	98,308	79,897
Payables, grants not used	105,458	89,526
Other project grants and pool funds		
Balance at 1 January	1,836	-2,120
Grants, projects and pool funds	12,525	16,879
Used, projects and pool funds	14,161	12,923
Balance at 31 December	200	1,836
Balance at 31 December is distributed in the balance sheet as:		
Receivables	4,483	3,753
Payables, grants not used	4,683	5,589
Donated funds – income	424,712	423,136
Donated funds – expenses	424,712	423,136

8. NOTES

4 Activities funded by Government Budget appropriations etc.	2007	2006
	DKK'000	DKK'000
Secretariat work etc.		
Secretariat work, General Secretariat and international department	4,200	4,020
Secretariat work, other departments	0	80
Total income	4,200	4,100
General Secretariat, international legal protection and information re. international refugee work	4,200	4,020
International asylum work	0	80
Total expenses	4,200	4,100
Result	0	0
Volunteer work		
Grants for volunteer work	15,300	15,500
Income from local authorities, own contributions etc.	609	642
Total income	15,909	16,142
Wages and salaries, incl. holiday allowance	8,437	7,525
Other external costs	7,996	8,126
Approved transfer from 2006 to 2007	-500	500
Total expenses	15,933	16,151
Result	-24	-9
Asylum work		
Ministry of Integration grant for asylum counselling etc.	2,300	2,400
Ministry of Integration grant for quota work, travel planning etc.	704	698
Danish Immigration Service grant for the manifestly unfounded procedure	1,267	2,036
Total income	4,271	5,134
Wages and salaries, incl. holiday allowance	2,736	3,279
Other external costs	1,863	1,798
Approved transfer from 2006 to 2007	-60	60
Total expenses	4,539	5,137
Result	-268	-3

8. NOTES

4	2007	2006	
	DKK'000	DKK'000	
Activities funded by Government Budget appropriations etc.			
Repatriation work			
Repatriation grant, Ministry of Integration	2,400	2,300	
Total income	2,400	2,300	
Wages and salaries, incl. holiday allowance	1,648	1,497	
Other external costs	752	803	
Total expenses	2,400	2,300	
Result	0	0	
Government Budget appropriations etc. – income	26,780	27,676	
Government Budget appropriations etc. – expenses	27,072	27,688	
Result	-292	-12	
5			
Property, plant and equipment			
	Land and buildings	Cars	Fixtures, fittings and IT
	DKK'000	DKK'000	DKK'000
Cost			
Balance at 1 January 2007	7,594	3,022	3,312
Additions	0	0	438
Disposals	0	2,718	3,001
Balance at 31 December	7,594	304	749
Depreciation			
Balance at 1 January 2007	2,119	2,904	3,075
Depreciation and impairment for the year	0	75	200
Reversed depreciation	0	2,718	3,001
Balance at 31 December	2,119	261	274
Carrying amount at 31 December 2007	5,475	43	475

The official property valuation of the property in Glamsbjerg amounts to DKK 4,050 thousand at 1 January 2008.

8. NOTES

6	Cash at bank and in hand	<u>2007</u>	<u>2006</u>
		DKK'000	DKK'000
	Language centres	23,603	19,881
	DACAAR balance	779	127
	Danish Refugee Council, other	38,690	38,939
	Total cash at bank and in hand	<u>63,072</u>	<u>58,947</u>
7	Equity	<u>Transferred result for the year</u>	<u>Balance 31 December</u>
	<u>Balance 1 January</u>	DKK'000	DKK'000
	DKK'000		
	Collected funds	2,931	29,972
	Own funds	5,675	20,642
	Government Budget appropriations etc.	-292	331
	Total equity	<u>8,314</u>	<u>50,945</u>
8	Other payables	<u>2007</u>	<u>2006</u>
		DKK'000	DKK'000
	Interest payable	502	263
	Holiday allowances	22,556	18,429
	Other	2,063	2,642
	Total	<u>25,121</u>	<u>21,334</u>
9	Financial items	<u>2007</u>	<u>2006</u>
		DKK'000	DKK'000
	Interest, banks	1,535	2,166
	Capital gain on securities	50	42
	Other financial income	435	240
	Total financial income	<u>2,020</u>	<u>2,448</u>
	Interest, banks	79	54
	Interest, mortgages and other creditors	3	154
	Interest, projects	320	331
	Capital loss and other interest expense	32	1,927
	Total financial expenses	<u>434</u>	<u>2,466</u>
	Net financial items	<u>1,586</u>	<u>-18</u>

8. NOTES

10 Contingent liabilities

Operating leases for copiers, faxes, drink dispensers and alarm and telephone systems expiring in 2008-2012 amount to DKK 2.4 million over the lease term. Contingent rent liabilities (usual leases) amount to DKK 0.

11 Wage and salary costs

	<u>2007</u>	<u>2006</u>
	DKK'000	DKK'000
Wages and salaries	110,267	105,704
Expat supplements	7,681	7,436
Wages, local project staff abroad	69,581	70,896
Salaries, language centres	80,869	78,509
Adjustment of holiday allowance reserve	3,585	-292
Total wages and salaries	<u>271,983</u>	<u>262,253</u>
Pensions	11,891	11,256
Social security costs	1,167	1,026
Total	<u>285,041</u>	<u>274,535</u>
The average number of employees in Denmark and expats is	494	462
The average number of local staff abroad is	4,000	4,000

12 Related parties

The Danish Refugee Council is a confederation of a number of non-partisan, voluntary, nation-wide, humanitarian and international organisations.

Related parties are the Executive Committee and the Organisational Management.

The Organisational Management receives normal remuneration.

The Executive Committee receives no remuneration.